

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

FC Holdings, Inc.

Point of Contact:	Andy Creel	RSSD: (For Bank Holding Companies)	3309629
UST Sequence Number:	1180	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	21,042,000	FDIC Certificate Number: (For Depository Institutions)	26435
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	N/A	City:	Sugar Land
Date Repaid ¹ :	N/A	State:	Texas

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Reduced lending less than otherwise would have occurred. Ultimately enabled purchase of selected Texas consumer junior liens and home improvement loan portfolios in banking market areas. Originated or purchased greater than \$100million in new loans.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

FC Holdings, Inc.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

Small Business lending through SBA 7a and 504 programs. Purchase of consumer junior liens and home improvement loan portfolios.

☒ **Increase securities purchased (ABS, MBS, etc.).**

Purchased approximately \$4million in SBA securities

☐ **Make other investments.**

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

FC Holdings, Inc.

☒ **Increase reserves for non-performing assets.**

Recovering Texas economy contributed to increased commercial RE foreclosures along with increased levels of commercial and consumer problem assets. Provision for possible credit losses was \$10million in 2011 resulting in ALLL level reserves to be approx 2% of outstanding loans.

☐ **Reduce borrowings.**

☒ **Increase charge-offs.**

Net charge-offs during year were approx \$10.5million

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

FC Holdings, Inc.

X Purchase another financial institution or purchase assets from another financial institution.

Purchased selected Texas consumer junior lien loans to increase banking customer base in primary market areas and improve earnings

X Held as non-leveraged increase to total capital.

Utilized to maintain subsidiary bank required regulatory capital levels

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

FC Holdings, Inc.

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Reduced need to search for new capital in market

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

FC Holdings, Inc.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The Bank was able to aggressively resolve problem assets to move towards a more stable future, thus allowing for growth in loans and deposits and banking service to our local markets. The funds allowed divestiture of selected locations, deposits and loans necessary to reduce balance sheet and meet capital requirements. Additionally the Bank was able to maintain higher staffing levels than otherwise would have been possible. The Bank was also able to avoid liquidity issues during a difficult time.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

FC Holdings, Inc.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.